

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

BCB2044 – COMPENSATION AND BENEFITS

(All sections / Groups)

16th MARCH 2018
3.00 p.m. – 5.00 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of **THREE (3)** pages with **FOUR (4)** Questions only.
2. **ANSWER ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

Each question carries 25 marks.

ANSWER ALL QUESTIONS.

Salary inequities at Seremban Electronics Manufacturing Sdn. Bhd.

Salman Khan was trying to figure out what to do about a salary situation he had in his plant. Salman recently took over as CEO of Seremban Electronics Manufacturing Sdn. Bhd. The company was family owned and had approximately 250 employees and was the largest employer in the community.

A short time after joining Seremban Electronics, Salman started to notice that there was considerable inequity in the pay structure for permanent salaried employees. A discussion with the Human Resources Manager led him to believe that permanent employees pay was very much a matter of individual bargaining with the past president. Hourly paid factory employees were not part of this problem because they were unionized and their wages were set by collective agreement.

Although he was thoroughly familiar with and capable in this compensation tool, Salman did not have time to make a job evaluation study at Seremban Electronics. Therefore, he decided to hire a compensation consultant to help him.

The job evaluation showed that the HR Manager and the three female supervisors were being underpaid relative to comparable male salaried employees.

QUESTION 1

Salman would like to formulate a total compensation strategy that is competitive and practices fair compensation. Describe to Salman the **FOUR (4)** steps involve in developing a total compensation strategy.

(Total: 25 marks)

QUESTION 2

- (a) Explain how organizational factors may influence compensation strategy and practices at Seremban Electronics. (10 marks)
- (b) Based on the Equity theory, explain how inequities in compensation practices at Seremban Electronics may affect employees' motivation and performance. (15 marks)

(Total: 25 marks)

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QUESTION 3

The compensation consultant hired by Salman furnished him with the data based on market survey as shown in Table 1. Based on the data, help Salman to develop a salary structure of Manager and Senior Manager for Seremban Electronics Manufacturing Sdn. Bhd.

The CEO had advised you that the new salary structure must take into consideration the following criteria;

- i. In order to attract workers from the market and retain the existing employees, the CEO decided to set a policy that Seremban Electronics Manufacturing Sdn. Bhd. compensation for employees must be **at 10% above market rate**.
- ii. He decided to use **“Double Step”** Method.

Table 1: Job Market Survey Data, 2017

Position	Grade	Market Average
Manager	A	4600
	B	5800
Senior Manager	A	6600
	B	8100

- (a) Based on the above information in Table 1, prepare the salary structure using **“Double Step”**. Use the below table as a guideline to prepare your salary structure. Round off your answer.

(12 marks)

Position	Grade	Market Average	Minimum	New Midpoint	Maximum

- (b) Salman, wants to find out if it is necessary to make salary adjustments for the managers. You advised him that the best way to know is to calculate the salary compa ratio.

Table 2: Civil Engineer Salary

Position	Grade	Name of worker	Salary
Manager	A	Dollah Salleh	5600
		Tan Kok Keong	4500

Based on Table 2, determine the Compa – Ratio for the above employees using the new midpoint. Round off your answer.

(4 marks)

Continued...

- (c) Based on your answer in question 3(b), critically analyse the salary structure of Seremban Electronics Manufacturing Sdn. Bhd managers.

Include in your answer a discussion on whether the employees are overpaid, underpaid or paid according to market rate.

(9 marks)

(Total: 25 marks)

QUESTION 4

- (a) The department managers at Seremban Electronics Manufacturing Sdn Bhd. feels that conducting job analysis is a waste of time and resources.

Explain to the department managers why job analysis is necessary and important.

(10 marks)

- (b) What other type of rewards (besides cash compensation), will you recommend to the CEO that will lead people to stay?

Suggest and discuss any **THREE (3)** rewards with examples that will lead people to stay.

(15 marks)

(Total: 25 marks)

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